

Remarks

Amendment under 37 C.F.R. § 1.312

Applicants respectfully request that this Amendment be entered as it merely makes minor corrections. The reasons for amendment are the following:

1. Claims 17 and 37 have been amended to correct the reference in step g) to “repeating steps b-e” to read instead "repeating steps c-f...". This correction should have been made in the last Amendment when Applicants amended claim 17 and 37 to incorporate all the limitations of claim 1. By incorporating all the limitations of claim 1 into claims 17 and 37 in the last Amendment, the number of steps changed, and hence steps b-e correspond now to steps c-f ; and

2. Claim 17 has been amended to recite a computer-implemented invention.

Applicant respectfully submits that no new matter is added. Should the Examiner believe that direct contact with the Applicant's representative would be helpful, the Examiner is invited to telephone the undersigned at the number below.

Remarks in response to the March 25, 2008 Notice of Allowability

The Examiner is thanked for allowing claims 2-20 and 22-40.

In the Examiner's statement of reasons for allowance, the Examiner states that *“regarding independent claims 17 and 37, Michaud taken either individually or in combination with the other prior art of record fails to teach or suggest a method, as claimed, including an iterative resampling that includes removing and reinstating instruments from and to the universe when calculating the variance of the universe during optimization, wherein the index is formed when the remaining dv01 of the universe is a predetermined percentage of the original dv01 of the universe”* (Notice of Allowance and fee(s) due, pg. 2). Applicants respectfully wish to clarify that while “resampling” and “optimization” apply to the Michaud invention, as previously discussed by Applicants, the exhaustive search of the present invention to find the best candidate to be included in the portfolio is not the same as “resampling” as described in Michaud. Also as

previously discussed by Applicants, Michaud's objective is to optimize expected residual return for a given level of residual risk, and not—as in the present invention—to find an index most reflective of a particular universe of instruments.

Also, Applicant respectfully notes that while pursuant to MPEP 1302.14, I, “[t]he statement is not intended to necessarily state all the reasons for allowance or all the details why claims are allowed and should not be written to specifically or impliedly state that all the reasons for allowance are set forth”, Applicant respectfully at least adds that the prior art taken alone or in combination also fails to teach or suggest the functions of:

- a) assigning a covariance matrix to the universe, said covariance matrix comprising a variance for each of the instruments and a correlation matrix;
- b) calculating an original dv01 of the universe;
- c) after calculating the original dv01 of the universe, removing one of the instruments from the universe;
- d) calculating a residual variance for each of the instruments remaining in the universe;
- e) calculating a residual variance for the universe based on the residual variance for each of the instruments and the correlation matrix;
- f) reinstating the instrument into the universe;
- g) repeating steps c-f for each instrument in the universe;
- h) inserting into the index the one of the instruments for which the residual variance of the universe is minimized and
calculating a remaining dv01 of the universe;

i) eliminating from the universe the one of the instruments for which the residual variance of the universe is minimized; and

j) repeating steps c-i until the index is formed,


wherein said index is formed when the remaining dv01 of the universe is a predetermined percentage of the original dv01 of the universe,

as recited in claims 17 and 37.

Please charge any additional fees for this Amendment or credit any overpayments to Deposit Account No. 50 0521. A duplicate copy of this letter is enclosed.

Date: June 25, 2008

Respectfully submitted,


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